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Chevron Accuses Ecuadoreans' Atty Of Extortion

By Erin Fuchs

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Law360, New York (February 1, 2011) -- [Chevron Corp.](#) accused a plaintiffs attorney Tuesday of conspiring with [Patton Boggs LLP](#) and other lawyers to extort money from the oil giant by waging sham \$27 billion litigation over crude oil pollution in the Amazon rain forest.

Plaintiffs attorney Steve Donziger, Stratus Consulting Inc. and others conspired with Patton Boggs and others to pressure Chevron to pay to stop the campaign against it, according to a suit filed in the U.S. District Court for the Southern District of New York.

Donziger represents indigenous residents who sued Chevron in Ecuador claiming that an affiliate of Texaco Inc. — now owned by Chevron — dumped crude oil in the Amazon decades ago that caused residents to develop cancer and destroyed natural resources.

Chevron's suit asserts claims under the Racketeer Influenced and Corrupt Organizations Act, and seeks a declaration that any judgment in the Ecuador lawsuit would stem from fraud and could not be enforced. It is also asking for damages.

"Today's filing lays out overwhelming evidence that the ... plaintiffs' lawyers and consultants have engaged in a sustained pattern of racketeering," Chevron said in a statement Tuesday. "The intent of the misconduct has been to extort a [multibillion-dollar] payment from Chevron through fabricated evidence and a campaign to incite public outrage."

Meanwhile, Karen Hinton, a spokeswoman for the plaintiffs in the Ecuador suit, described the RICO suit as "corporate bullying at its worst," and claimed that Chevron had engaged in its own misconduct such as cooking evidence presented before the Ecuadorean court.

"There is about to be a verdict in Ecuador finally holding Chevron accountable for the wanton destruction of the health, the homes, the communities and the livelihoods of indigenous peoples in that country," said Gerald B. Lefcourt, an attorney for Donziger. "The lawsuit Chevron filed today is a cynical bid to buy cover."

In its 211-page court filing, Chevron accuses Donziger and others of ghost-writing an expert's report that includes a \$27 billion damages assessment and of colluding with Ecuador to launch bogus criminal charges against Chevron's attorneys alleging they misled the government into believing Texaco had cleaned the waste at issue.



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Top News

Chicago Must Hire 111 Black Firefighters: 7th Circ.

The Seventh Circuit on Friday affirmed a district court's judgment ordering the city of Chicago to hire 111 black firefighters out of a class of 6,000 who claimed the city used a discriminatory hiring test.

SAP Hit With \$345M Verdict In Versata Patent Suit

A federal jury in Texas found Friday that SAP America Inc. infringed three claims of a Versata Software Inc. patent for product pricing software and awarded Versata \$260 million in compensation and \$85 million in royalties.

Life Partners, CEO, GC Could Face SEC Action

Life Partners Holdings Inc. disclosed Friday that U.S. regulators will recommend launching a civil suit against the company and two of its executive officers over the accuracy of the life expectancy data it used to sell securities to investors.

Class Action

Judge Denies Class Status In CPK Wage-And-Hour Suit

A California state judge denied class certification Friday to hourly California Pizza Kitchen workers seeking compensation for alleged wage-and-hour violations, effectively killing the litigation after nearly four years of legal maneuvering.

Toyota MDL Plaintiffs Can Claim Economic Loss: Judge

A California federal judge on Friday ruled the plaintiffs in multidistrict litigation against Toyota Motor Corp. have sufficient standing to allege economic harm over sudden acceleration defects in Toyota cars.

CHS Faces Investor Suit Over Alleged Medicare Fraud

A Community Health Systems Inc. shareholder hit the company with a putative class action in Tennessee on Thursday, saying CHS and two executives misled investors by orchestrating a scheme to increase Medicare reimbursements by lowering hospital admissions standards for patients.

Energy

US Convinces Court To Deny Interest To NYPA, Entergy

The U.S. Court of Federal Claims ruled Friday that the federal government should not pay interest to the New York Power Authority or to Entergy Nuclear Fitzpatrick LLC, who claim the U.S. violated a contract by not disposing of spent nuclear fuel.

Ky. AG Accuses Marathon Of Gas Price Gouging

Kentucky's attorney general accused Marathon Petroleum Co. LLC on Friday of price gouging following massive flooding in the state, and requested a temporary injunction that would prevent the company from raising gas prices during the emergency.

Judge Compels Testimony In Miss. River Oil

The company also accuses Donziger and the other defendants of releasing lies to federal prosecutors, Congress, and the U.S. [Securities and Exchange Commission](#) regarding the "trumped-up charges" against Chevron's lawyers.

Chevron did not name Patton Boggs as a defendant but said the firm, which also represents the plaintiffs in Ecuador, developed the RICO defendants' strategy for defrauding the company and has helped obstruct the oil giant's discovery proceedings in the U.S.

The company gained some ground recently in those discovery proceedings, however, when the U.S. Court of Appeals for the Second Circuit ruled in December that it could subpoena Donziger regarding his communications with the environmental expert.

Then, on Jan. 13, the Second Circuit ruled that a documentary filmmaker had to turn over certain footage that did not appear in the final cut of his movie "Crude," which Donziger asked him to make.

[Gibson Dunn & Crutcher LLP](#) represents Chevron.

Gerald B. Lefcourt represents Donziger. Counsel information for the other defendants was not immediately available.

The case is *Chevron Corp. v. Donziger et al.*, case number 11-cv-00691, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Christie Smythe and Carolina Bolado

Spill Suit

A federal judge in Louisiana on Friday compelled testimony from the operating company and acting captain of a tugboat involved in a collision that spilled fuel oil into the Mississippi River and led to criminal charges, ordering that they be deposed in a civil suit.

Environmental

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BASF Agrees To Pay For Plant Emissions Violations

BASF Corp. agreed Friday to pay \$500,000 in civil penalties to the U.S. government for a series of alleged lapses of emissions controls at the chemical titan's Freeport, Texas, manufacturing plant.

Class Cert. Denied In 2 TVA Coal Ash Suits

A federal judge gave the Tennessee Valley Authority a boost Tuesday in consolidated lawsuits over the 2008 spill of coal ash sludge near the Watts Bar Reservoir, denying class certification to plaintiffs in two of the cases.

New York

Judge Won't Delay Insider Trading Trial Over Raj Link

A New York federal judge nixed a bid Friday to postpone an insider trading case involving a former Caledon Group LLC trader's brother, who argued that publicity surrounding the Raj Rajaratnam conviction would threaten his right to a fair trial.

Innkeepers Wins Approval Of Disclosure Statement

Hotel operator Innkeepers USA Trust scored a New York bankruptcy judge's tentative approval of its disclosure statement Friday, after days of negotiations that followed two successful auctions, including one that sold off most of its hotels for \$1.1 billion.

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Product Liability

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NuAire Sues Wire Co. Over \$1.8M Incubator Recall

Laboratory equipment maker NuAire Inc. accused a wire form company in Minnesota on Thursday of reneging on a contract by selling it faulty parts for lab culture incubators, resulting in a \$1.8 million recall.

Kids' Marketing Guidelines Put Heat On Food Industry

While proposed voluntary guidelines for children's food marketing may prove challenging for companies to meet, taking a proactive stance in attempting to implement these recommendations can give companies a competitive advantage, according to attorneys.

Cited in Chevron v Donziger
11 Civ 0691
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